

Principal Tricolor subsidiaries in Hong Kong

Abacus Share Registrars Limited
Secretaries Limited
Standard Registrars Limited
Strath Corporate Services Limited
Tengis Limited
Tricolor Executive Resources Limited
Tricolor Investor Services Limited

HONG KONG BUDGET SUMMARY 2007 - 2008

Hong Kong's Financial Secretary Henry Tang delivered his fourth Budget Speech on 28 February 2007. As the Government's fiscal position improved significantly following a strong economic recovery in Hong Kong in 2006/07, the Financial Secretary has proposed a number of tax relief and one-off rebate measures in line with the Government's policy objective of "Revitalising the economy, promoting employment and improving people's livelihood". The proposed measures are estimated to cost the Government around HK\$20.3 billion, representing close to one third of the forecast budget surplus for 2006/07 of HK\$55.1 billion. This TechNews highlights the key tax measures and changes to the principal tax rates proposed in the Budget.

The key tax relief measures proposed include:

- Revert marginal salaries tax rates and tax bands to their 2002/03 levels.
- Increase child allowance by HK\$10,000 to HK\$50,000 and introduce an additional one-off child allowance of HK\$50,000 for each child in the year of birth.
- Increase the maximum amount of deduction for self-education expenses by HK\$20,000 to HK\$60,000 to encourage employees to seek continual self-advancement through learning.
- Reduce stamp duty on transactions of properties valued between HK\$1 million and HK\$2 million to a fixed amount of HK\$100 to provide assistance to families to buy their homes.

- Reduce by half the duty rates on wine, beer and other types of liquor containing not more than 30% alcohol to help promote development of the catering industry, tourism and wholesale and retail alcoholic beverage trade, thereby benefiting the community at large.

The following one-off tax relief measures are proposed:

- Waive 50% of salaries tax and tax under personal assessment assessed for 2006/07, subject to a ceiling of HK\$15,000. The waived amount will be deducted from the taxpayer's final tax payable for that year.
- Waive rates for the first two quarters of 2007/08, subject to a ceiling of HK\$5,000 a quarter. Over 99% of domestic properties and 86% of non-domestic properties will be subject to no rates in these two quarters.

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SUMMARY OF PRINCIPAL TAX RATES

The following tables summarise the principal tax rates, with proposed tax relief measures highlighted in italics.

Salaries Tax

2007/08		2006/07	
Progressive rates			
Chargeable income	Rate	Chargeable income	Rate
<i>First HK\$35,000</i>	2%	<i>First HK\$30,000</i>	2%
<i>Next HK\$35,000</i>	7%	<i>Next HK\$30,000</i>	7%
<i>Next HK\$35,000</i>	12%	<i>Next HK\$30,000</i>	13%
<i>On the remainder</i>	17%	<i>On the remainder</i>	19%
Standard rate	16%		16%

Allowances and Deductions

	2007/08 HK\$	2006/07 HK\$
Personal allowances:		
Basic	100,000	100,000
Married	200,000	200,000
Single parent	100,000	100,000
Child:		
<i>1st to 9th child (each year of birth)</i>	100,000	40,000
<i>other years</i>	50,000	40,000
Dependent parent/grandparent (aged 60 or above):		
Not residing with taxpayer	30,000	30,000
Residing with taxpayer	60,000	60,000
Dependent parent/grandparent (aged between 55-59):		
Not residing with taxpayer	15,000	15,000
Residing with taxpayer	30,000	30,000
Dependent brother/sister	30,000	30,000
Disabled dependent	60,000	60,000

Note: Legislative proposals do not become law until their enactment and may be modified by the Legislative Council before enactment.



Deductions:	2007/08 HK\$	2006/07 HK\$
Maximum deduction for amount paid for:		
Self-education expenses	60,000	40,000
Home loan interest	100,000	100,000
Elderly residential care expenses	60,000	60,000
Contributions to recognised retirement schemes	12,000	12,000
Charitable donations	25% of assessable income	25% of assessable income

Profits Tax

	2007/08 Tax rate	2006/07 Tax rate
Companies	17.5%	17.5%
Unincorporated businesses	16%	16%

Stamp Duty on Sale or Transfer of Immovable Property in Hong Kong

Property consideration	2007/08	2006/07
Up to HK\$1,000,000	HK\$100	HK\$100
HK\$1,000,001 – HK\$2,000,000	HK\$100	0.75%
HK\$2,000,001 - HK\$3,000,000	1.50%	1.50%
HK\$3,000,001 - HK\$4,000,000	2.25%	2.25%
HK\$4,000,001 - HK\$6,000,000	3.00%	3.00%
HK\$6,000,001 and above	3.75%	3.75%

Liquor

	2007/08 Duty rate	2006/07 Duty rate
Liquor with alcoholic content above 30%	100%	100%
Wine	40%	80%
Beer and other types of liquor with alcoholic content not exceeding 30%	20%	40%

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